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# TOPICS

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## U.S. INVESTORS "VISIT" EGYPT BY SATELLITE, CRONKITE AND BEUTEL ANCHOR TRANSMISSION

*Former CBS Anchorman Walter Cronkite moderated Telemission program in New York. At right is Frank W. Considine, President and CEO, National Can Corporation, and Chairman, U.S. Section, Egypt-U.S. Business Council.*

Several hundred U.S. corporate leaders and other potential overseas investors in New York and five other American cities sat down on April 15 to discuss business opportunities in Egypt with high-ranking Egyptian officials and industry leaders via network satellite technology. This marked the first time that a Federal agency has used the intercontinental communications network for a foreign investment mission "visit."

The high-level business conference transmission—known as TELEMISSION—linked Cairo with six American cities, including New York, Chicago, Minneapolis, Boston, San Francisco and Los Angeles. Walter Cronkite served as moderator at the primary broadcast location in Rockefeller Center in New York and Bill Beutel served as moderator in Cairo.

The transmission was co-sponsored by OPIC and the United Nations Industrial Development Organization (UNIDO)/United Nations Development Program (UNDP).

"We feel that this has been something of a historic event," stated OPIC President Craig Nalen. "We've accomplished what we set out to do, namely, make a wide sector of potential American investors aware of, and deeply impressed with, investment opportunities in Egypt. We expect to see more of this kind of event, involving many other developing nations, in the future."

Egyptian officials, who are continuing the "open door policy" on outside investment initiated by the late President Sadat, have been eager to attract U.S. business participation in the areas of food production and processing, health and medical products and construction materials. A February 5th announcement of TELEMISSION, the first event of its kind in the world, was made by U.S.,

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## Nalen Visits Caribbean

As a member of President Reagan's official party, OPIC President Craig Nalen visited Jamaica and Barbados in April, and announced several investment projects in the two countries.

"We were pleased that OPIC could announce these projects in conjunction with the President's visit because they were specific responses to his Caribbean Basin Initiative which calls on the U.S. business community to assume a broader role in the development process," he said. "We believe those are early indicators of rising interest in the Caribbean nations, and there will be more to come."

In Jamaica, Mr. Nalen signed two loan commitments and two contracts to provide funding for feasibility studies. In Barbados he announced funding for a feasibility study for a potential $4 million joint venture project to process vegetable oil and OPIC support for an investment reconnaissance project initiated by the Agency for International Development.

The two Jamaican direct loan commitments were issued to Jamaica Pre-Mix, Ltd. for expansion of its concrete batching facilities, and to Jamaica Broilers, Ltd. for modernization and expansion of its poultry processing plant.

The feasibility studies committed involve two Minnesota companies, Land O' Lakes, Inc., of Arden Hills, and Rural Ventures, Inc. of Minneapolis. Land O' Lakes, the second largest agricultural cooperative in the United States, will undertake a study to determine the potential and economic viability of a proposed $6 million feed mill which will supply Jamaican farmers, create new jobs and provide

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**Telemission**

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Egyptian and United Nations officials during President Mubarak's first state visit to the U.S. Both President Reagan and President Mubarak participated with pre-recorded messages expressing their continued support of the program.

A panel of U.S. industry leaders was on hand in New York to lead off the question and answer program, focusing on the target investment areas. They included Richard A. Debs, managing director, Morgan Stanley and Co. and president, Morgan Stanley International; Frank Considine, president and chief executive officer, National Can Corporation and Chairman, U.S. Section, Egypt-U.S. Business Council; Harry Holiday, Jr., chief executive officer, Armco, Inc.; and Barry MacTaggert, chairman and chief executive officer, Pfizer International, Inc.

Mr. Considine said that, "TELEMISSION is a stimulating experiment for developing the dialogue between Egypt and the private business sector here. The important thing is the results that will develop from this experience, which I believe will be substantial."

The American Express Company hosted the TELEMISSION business participants at the Rockefeller Plaza site. UNIDO/UNDP hosted other officials and press corps at a second New York site at the United Nations.

Other U.S. hosts included Bank of America NT & SA at sites in Los Angeles and San Francisco; Control Data Corporation in Minneapolis; The First National Bank of Chicago at the Chicago site; and The First National Bank of Boston in Boston. Chase National Bank (Egypt) hosted a viewing audience at the Cairo broadcast location at the Ramses Hilton.

As a follow-up to TELEMISSION, Mr. Nalen announced that OPIC will lead an investment mission to Egypt the week of June 11-18. The mission will be sponsored in conjunction with the U.S. Department of State and the U.S. Department of Commerce.

"We beieve that with the benefit of this direct exchange of ideas, U.S. executives interested in the available opportunities in Egypt will utilize the June mission to make an on-the-spot assessment of the key factors related to the final investment decision," he said.

"We want to match can-do U.S. companies with need-to-be-done projects," Mr. Nalen continued. "Participation in TELEMISSION is not a necessary qualification. We look forward to a broad response from both large corporations and smaller companies."

*Finalizing plans for "Telemission" are OPIC President Craig Nalen with (left to right): Muhammed Abd Al-Fattah Ibrahim, Egypt's Deputy Prime Minister for Economic and Financial Affairs; Frank W. Considine, President and Chief Executive Officer, National Can Corporation; Mr. Nalen; and Adly Abdel-Mequid, Director, UNIDO Investment Promotion Service for North America. The meeting took place at Blair House in Washington, D.C.*

## TOPICS

This is the first edition of TOPICS published since the June/July issue of 1981. Publication was temporarily suspended to permit an evaluation of production and distribution costs in response to the Reagan Administration's directive to reduce Governmental expenses. A number of savings have been effected, and TOPICS will resume regular publication with this issue.

## Nalen Testifies on AID Programs

In late February OPIC President Craig A. Nalen testified before the Foreign Affairs Committee of the U.S. House of Representatives on the "Agency for International Development/International Development Cooperation Agency Policies and Programs for Private Sector Involvement in Development Abroad."

"OPIC has close ties with AID and IDCA," Mr. Nalen said. "As you know, Peter McPherson, in his capacity as Acting Director of IDCA, serves as Chairman of the OPIC Board of Directors. While this is the only formal relationship between our agencies, we share many common goals and our activities are complementary. We have forged close ties with AID's new Private Enterprise Bureau as well as the Trade and Development Program to make certain that our respective programs work well together," he said.

# Missions set for Summer

OPIC-sponsored investment missions, composed of 15 to 20 selected U.S. corporate executives, will visit Egypt and Thailand this summer. The Egypt mission is scheduled for June 11-18, and the mission to Thailand will take place from July 10-17. Mission participants will have the opportunity to gain a first-hand understanding of economic factors and investment potential of the host countries and to explore specific joint venture possibilities with local businessmen.

As a follow-up to TELEMISSION, the investment mission will focus on introducing participants to specific investment opportunities in three target sectors which the Egyptian government has identified among its highest priorities: food production and processing, health and medical supplies, and construction materials. While TELEMISSION is expected to account for the interest of many participants, other companies considering investment in Egypt are invited to participate as well.

During the Thailand mission, a broad range of investment proposals, ranging in size from $50,000 to several million dollars, will be presented to the visiting U.S. executives. Promising sectors for investment include: food production and processing, seed propagation, chemical fertilizers, machine tools, industrial and agricultural machinery, tourism, electronics, light manufacturing, mining, and insecticides.

Inquiries regarding the Egypt mission should be addressed to Donna Brodsky. For information on the Thailand mission, the contact is Mary Cunningham. Both can be reached at 202-653-2800.

*Advance preparations for visit of the Egyptian Investment Mission are the subject under discussion in Cairo meeting. OPIC officers Douglas Burck, (right) and Donna Brodsky confer with Gamil George, financial editor of a leading Cairo newspaper.*

# CONSTRUCTION CONFERENCE

As part of the sixth annual conference of the International Engineering and Construction Industries Council, OPIC President Craig A. Nalen outlined new incentive concepts planned by the agency in its drive to increase support for U.S. businesses in international markets. The conference, entitled "A New Commitment: Rebuilding American Exports," was held at the Shoreham Hotel in Washington, D. C., and co-sponsored by the American Consulting Engineers Council, the American Institute of Architects, the Associated General Contractors of America and the National Constructors Association.

Mr. Nalen participated in a panel on "Facing the Competition: Financing Projects Overseas," together with Presidents of the Export-Import Bank, Fluor Corporation, and Robert R. Nathan Associates. He focused particular attention on the OPIC insurance program covering letters of credit.

The letter of credit program provides insurance coverage against arbitrary drawings of letters of credit posted as bid, performance or advance payment guaranties as required by many governments, particularly in the Middle East. The program is intended to strengthen the competitive position of U.S. contractors and exporters who bid for construction, service or sales contracts abroad. Since its inception in March 1979, 42 U.S. companies have purchased $205.0 million of letter of credit insurance and $274.9 million of contingent letter of credit insurance commitments covering projects in 12 foreign countries, including: Bangladesh, Egypt, Greece, Indonesia, Jordan, Saudi Arabia, Sri Lanka, Syria, Taiwan, Thailand, Tunisia and Yemen.

VTN International, Inc., and Frank L. Hope & Associates Overseas, Inc., of San Diego, California, utilized this service for a $24 million project for the Government of the Kingdom of Saudi Arabia, the largest undertaking of the U.S.-Saudi Arabian Joint Commission on Economic Cooperation. The program involves the master planning and design of vocational training facilities for the Saudi Arabia Ministry of Labor and Social Affairs as part of the Government's Five-Year Development Plan. In all, there will be 18 training centers.

# AFRICA MISSION

At the invitation of Secretary of Commerce Malcolm Baldrige, OPIC President Craig A. Nalen and Executive Vice President L. Ebersole Gaines participated in a Trade and Investment Mission to Ivory Coast, Cameroon, Nigeria and Morocco. Also participating in the mission, which was organized by the U.S. Department of Commerce, were 25 U.S. corporate executives and 9 U.S. Government representatives, including: Secretary of Agriculture John R. Block; Export-Import Bank Chairman William H. Draper, III; Under Secretary of Commerce for International Trade Lionel H. Olmer; Assistant Administrator for Private Enterprise, Agency for International Development, Elise du Pont; and Deputy Assistant Secretary of State for Economic and Business Affairs, Ernest B. Johnston, Jr. Mr. Baldrige and Mr. Block headed the mission, which was directed by William H. Morris, Assistant Secretary of Commerce for Trade Development.

During the mission, the businessmen and government representatives met with high level government representatives and local business leaders to discuss trade and investment possibilities in the African nations. Emphasis was directed to potential opportunities in agriculture, construction, transportation, communications, mining, hydroelectric dams, port development, liquefied natural gas projects, waste disposal, water purification, and housing.

*Craig Nalen and Ivory Coast Minister of Tourism Duon Sadia lay the cornerstone for new Abidjan Hilton Hotel.*

As a result of the mission, the U.S. companies signed seven business agreements and began negotiations for 10 to 14 other projects. In Lagos, Nigeria, Mr. Nalen signed an agreement under which OPIC will finance a feasibility study of a consortium of U.S. and British pig farmers for potential investment of $22 million in a large-scale hog breeding farm. In Abidjan, Ivory Coast, Mr. Nalen, Government officials, and Ivorian business leaders attended a special cornerstone laying ceremony of a modern 248-room hotel. The construction and operation of the hotel is partially financed by OPIC, which has guaranteed a loan of $3.4 million to the project. The loan is OPIC's first in the Ivory Coast and was made in cooperation with Credit de Cote D'Ivoire, a local development bank, local and foreign commercial banks, and a group of private investors.

"This project will help to strengthen Ivory Coast's position as West Africa's leading commercial and financial center," Mr. Nalen said, "and, at the same time, will create new jobs for more than 200 people. We are proud to play a part in bringing the project to reality."

# Executive Marketing Council

To provide counselling and guidance services for executives of smaller companies, OPIC has formed an Executive Marketing Council made up primarily of retired top management executives who have volunteered to commit 10 hours or more per month in support of OPIC's new marketing programs.

The program began on April 6 with a special seminar for the volunteers at OPIC headquarters. OPIC President Craig A. Nalen hosted the meeting and outlined the overall objectives of the program and new programs designed to support the outreach effort. OPIC Vice Presidents discussed the services provided by the agency, and the afternoon was devoted to marketing and group working sessions.

The Council members were drawn from several of the industry sectors on which OPIC will focus a new effort. Many of the volunteers began their careers as entrepreneurs, and have the international expertise from which smaller businessmen can benefit. Among the companies represented by the members are General Mills, General Foods, Borg Warner, Exxon, Transamerica, Lockheed, General Electric, ITT and Borden, Inc. The members are located in many different cities including Los Angeles, New York, Chicago, Houston, Boston, San Francisco and Minneapolis, and will be available to companies in those areas.

# Florida Businessmen Form Corporation

In response to President Reagan's Caribbean Initiative, a U.S. group of South Florida businessmen recently announced formation of the CBI Corporation of Miami. The corporation's objective will be to identify promising agribusiness investment opportunities for U.S. investors in the Caribbean Basin nations.

The organization meeting featured an orientation session for key members of the South Florida business and financial communities interested in entering foreign markets. The featured speaker was OPIC President Craig A. Nalen.

President of the new group is Dr. Francisco J. Hernandez, president of Agro Tech International, which operates a highly successful poultry project in the Dominican Republic. Other businessmen participating in the formation of CBI include: Jorge Mas, president, Church and Tower Construction Co.; Jose Luis Rodriguez, president, M & R Farms, Inc.; Domingo Moreyra, president, Latin American Distributors; and Antonio Zamora, Shutts and Bowen.

Mr. Nalen, announced that OPIC already has signed a letter of intent with CBI Corporation to finance up to 50 percent of the cost of a feasibility study for a $4 million project to process vegetable oil in Barbados.

"The formation of CBI Corporation is a pioneer effort that we hope will attract the attention of other businessmen around the country," Mr. Nalen said. "It is a new concept which can point the way to an expanded role for the U.S. business community in the fast-growing markets of the Third World. It also is a positive indication of what the business community can do in implementing the President's Caribbean Basin Initiative calling for broader private sector participation in the development process. Working in cooperation with groups such as CBI Corporation, we believe we can make even more significant contributions in the future."

*Members of the newly-formed Caribbean Basin Initiative Corporation of Miami, Florida listen to remarks of OPIC President Craig A. Nalen at luncheon following the group's organization meeting. CBI will identify promising agribusiness investment opportunities in the Caribbean area.*

# Target Sector Program

The new Target Sector Program, a focused approach to the marketing of OPIC's insurance and finance programs, is designed to increase the interest and participation of U.S. firms in the growing investment opportunities of the developing world. It will consolidate OPIC resources in five industry segments with a relatively high percentage of small- and medium-sized U.S. firms (those not ranked in the "Fortune 1000" list of industrial companies) whose investments in the developing nations will contribute to development, and will have positive effects on U.S. employment and the U.S. balance of trade. The industry segments are energy/minerals, construction, agricultural production, food processing, and medical equipment/supplies.

Under the program, OPIC will mount increased efforts in those targeted segments, while maintaining its current levels of activity in other areas. The marketing will include a program of direct contact with individual companies; coordination with U.S. and foreign embassies; trade associations and other intermediaries including banks; matching projects with potential investors, and maintenance of an opportunity data bank; a series of targeted industry seminars; creation of an executive marketing council; and a supporting advertising and promotional effort.

The target sector program is an extension of the highly successful energy/minerals and construction programs, instituted in 1977 and 1979. During fiscal 1981 alone, these two areas accounted for nearly half of the year's underwriting volume.

Further information on the Target Sector Program may be obtained by writing or calling Nancy Schretter, Marketing Dept., OPIC, Washington, D.C. 20527; phone: 202-653-2800.

# Client Orientation Program

As part of a new client orientation program, OPIC will provide a comprehensive information package on its services for current users, prospective clients, and banks and other business advisors. The package, which will consist of audiovisual materials supplemented by printed manuals and guides, was developed in response to an increased demand for information on OPIC from banks and U.S. business executives whose companies are entering overseas markets or expanding existing facilities abroad.

The package of materials will provide up-to-date information on OPIC services and newly developed market-oriented programs. Information will include details on services to target industries, debt and lease financing, contractors' coverages, pre-investment support through cost-sharing of feasibility studies, and investment missions.

Introducing the series will be a fifteen-minute film, which will provide an overview of OPIC and its services. The program materials will be made available to the business community on a subscription basis. Supplementary material will be oriented toward specific country opportunities in the developing world, application procedures, claims settlement, maintaining adequate insurance coverage and the various financing techniques available.

Further information may be obtained by contacting Graham Williams, Marketing Department, OPIC, Washington, D. C. 20527; Tel: 202-653-2800.

# GAINES URGES TEAMWORK

Embassy representatives from 46 countries, State Department country officers, and OPIC management recently participated in a special orientation session designed to create a better understanding of the agency's investment incentive programs and its role in helping U.S. businesses gain entry to the markets of the developing world.

Also participating were the Office of the U.S. Trade Representative, the Agency for International Development, the U.S. Department of Commerce and the Office of Management and Budget.

OPIC Executive Vice President L. Ebersole Gaines detailed the agency's new target industry approach, and emphasized the need for a coordinated effort to broaden private sector participation in the development process.

"President Reagan has consistently emphasized the importance of private sector initiatives as the key to helping people to help themselves," Mr. Gaines said, "and we in Government must provide the U.S. business community with broadbased support. By strengthening our ties with the developing nations, we help ourselves as well, because those countries are the world's fastest-growing markets. To compete effectively for a significant share of these markets, we must develop cohesive teamwork to consolidate our public and private resources to meet the challenges of the future.

During the course of the meeting, OPIC officers discussed the agency's programs and new approaches aimed at creating more effective programs and coordination with embassy attaches and State Department desk officers. Both groups will help to identify potential investment opportunities in the designated target sectors including agricultural production, food processing, energy, minerals, and medical equipment/supplies.

# Industry Seminars

A new series of OPIC-sponsored seminars to identify specific overseas investment opportunities for internationally-minded U.S. business executives in selected industries is expected to generate a broader base of U.S. investment in the fast-growing markets of the developing world.

The industry seminars are designed primarily to help small- and medium-sized businesses in targeted industries enter the markets of selected developing countries by disseminating information on the investment climate in those nations and identifying specific investment opportunities. Each seminar offers an analysis of market potential, the types of projects given priority by host countries, investment incentives provided by the Government, potential joint venture partners, and U.S. Government incentive programs for potential investors.

In April OPIC sponsored an industry seminar on food production and processing in the ASEAN region (Association of Southeast Asian Nations) at the Century Plaza Hotel in Los Angeles. The seminar was the second of the series initiated last fall with a well-attended meeting on construction equipment and materials.

The April seminar offered an overview of agribusiness opportunities in the ASEAN countries of Malaysia, Thailand, Indonesia, and the Philippines; a study of current food technology expertise in the region; and investment profiles of business ventures immediately available for potential investors. Emphasis was on a wide range of agriculture-based industries, including: fruit and vegetable processing; animal feed production; livestock and dairy operations; and fish and seafood processing.

The keynote speaker was Dr. Robert Abrams, Executive Vice President of the International Plant Research Institute (IPRI) of San Carlos, California. IPRI, a genetic research firm, has worked for a number of U.S. firms abroad in agribusiness, pharmaceuticals and petrochemical projects, and is extensively involved with agribusiness projects in the area.

Robert Williamson, Senior Vice President in the International Banking Department, and Richard Kjeldsen, Vice President in the Economics Department, of Security Pacific National Bank evaluated the economic outlook of the area and the financing possibilities in agribusiness investment. A Price Waterhouse tax specialist covered the U.S. tax aspects of international investment. and OPIC officers discussed the services provided by the Agency.

For individuals interested in details of some of the joint ventures in food production and processing already awaiting U.S. support, OPIC will provide selected project profiles. Information will also be available on upcoming investment missions OPIC plans to sponsor in the next 18 months in ASEAN countries.

For further information on the industry seminar program, contact Mary Cunningham at 202-653-2800 or call OPIC's toll-free "Hot Line," 1-800-424-OPIC.

*Winton M. Blount, (center), exchanges remarks with L. Ebersole Gaines, OPIC Executive Vice President, (left) and President Craig A. Nalen at seminar.*

# $1 Million Loan for COLAC

A direct loan of $1 million to the Confederation of Latin American Credit Unions (COLAC) has been authorized by OPIC. The financing commitment is the third OPIC has provided to COLAC since 1975, and will be used to expand COLAC's loan portfolio for credit union federations and cooperatives.

COLAC, founded in 1970 by the national credit union federations of 14 Latin American countries, promotes private enterprise in farming, fishing and related businesses in 18 Latin American nations through its credit and technical assistance programs. It was created as an extension of the Latin American regional program of the U.S. Credit Union National Association (CUNA), an association of U.S. credit unions, to increase the number of "grass roots" credit unions in developing countries. Together with the U.S. Central Credit Union Corporation, CUNA continues to provide support to COLAC.

# Grant for Technology and Training

In March, OPIC signed an agreement to grant $125,000 to the Fund for Multilateral Management Education (FMME) of New York to implement a technology acquisition and management training project in the five countries constituting the Association of Southeast Asian Nations (ASEAN). The announcement was made by OPIC Executive Vice President L. Ebersole Gaines following the annual "ASEAN/US Dialogue" meeting in Washington.

FMME is a non-profit, educational organization which organizes seminars around the world to bring business and government officials together for discussion of the role of private enterprise in developing countries. Since 1973, FMME has studied technology transfer both from the supplier and user perspectives, developed case studies on the issues involved, and analyzed the problems of negotiation and application of technology by user companies. FMME's Executive Director, Robert Driscoll, signed the grant agreement on behalf of FMME.

FMME's new project will establish a self-sustaining, institutionalized training activity at a leading educational instituton in each of the five ASEAN nations: Indonesia, the Philippines, Thailand, Malaysia, and Singapore. Week-long training courses combining both theory and "real life" case studies on the use and management of U.S. technology will be offered twice a year to 40-50 local executives. The courses, which will be taught by faculty members of the local educational institutions, will provide annual instruction in the planning, purchasing, installing and managing of U.S. technology for the local executives. The curriculum will be developed by Harvey W. Wallender II and Professor Jack N. Behrman, who will also provide project advisory servies.

FMME will raise $103,000 privately and from ASEAN sources for the project, which is expected to cost a total of $228,000. The balance of $125,000 will be provided by the OPIC grant. The funds will be used to support the project during the first two stages of curriculum development and testing, and to train faculty members. Once in operation, the project is expected to be self-sustaining.

"Over the years, the project is expected to serve as a vital link between U.S. smaller business and the graduates of the program, who may be seeking to purchase U.S. products and services," Mr. Gaines said. "This is important because many of these U.S. firms, with limited financial resources to explore distant Southeast Asian markets, could not do so without this program. They are currently at a disadvantage in competing with their Japanese and European counterparts, who are supported by information courses on their technologies in the ASEAN region. This program, then, addresses a real need because U.S. technology suppliers view the ASEAN region as a prime growth area for U.S. business and new market development.

"In addition," Mr. Gaines noted, "the identification, acquisition, and proper management of advanced technology is rapidly becoming a critical development issue as the world economic environment becomes more competitive. To remain competitive, the five ASEAN countries that are interested in obtaining better access to recent U.S. technological advances must be able to identify, gain access to and manage new production techniques. Since many of the businesses in the ASEAN countries are seeking to lessen their reliance on Japanese and European sources of technology, the FMME project wil offer a workable alternative."

# ANNUAL REPORT FOR 1981

In fiscal 1981, OPIC reached a record high in insurance volume and issued loan and loan guaranty commitments of $101.3 million for 20 projects, the largest number for any single year. According to the Corporation's recently issued annual report a dramatic fourth quarter surge of $950 million in political risk insurance boosted volume to a record $1.48 billion, the highest level in its 11-year history.

Gross revenues reached a record $86.8 million, an increase of $10.7 million or 14 percent over the previous year. Net income after operating expenses reached $76.2 million, a 16 percent increase over the previous high of $65.8 million recorded in fiscal 1980.

After provision for payment of reinsurance premiums to the members of the Overseas Investment Reinsurance Group and Lloyd's of London which reinsure a portion of OPIC's expropriation and inconvertibility insurance portfolios, revenues from insurance premiums were $25 million. Income from the finance portfolio was $4.6 million and interest from investment in U.S. Government obligations and revenues from claims payments was $57.0 million.

As of September 30, 1981, OPIC's cash and portfolio of U.S. Government securities amounted to $656.4 million, an increase of 12 percent from the total of $583.6 million for fiscal 1980. Combined insurance and finance reserves rose to $664.3 million from $576 million and retained earnings at year end were $11.4 million. As of September 30, 1981, funds available for claims payments stood at a record level of $775.8 million.

OPIC paid $20,988,171 in settlement of 23 insurance claims during the fiscal year. Claims pending at the

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# OPIC IN THE CARIBBEAN

Since the beginning of his Administration, President Reagan has called for a concerted effort to strengthen our ties with the nations of the Caribbean Basin. "The Caribbean region," he said in his address to the Organization of American States, "is a vital strategic and commercial artery for the United States. . . . Make no mistake: The well-being and security of our neighbors in this region are in our own vital interest. . . ."

". . . Nearly all of the countries that have succeeded in their development over the past 30 years have done so on the strength of market-oriented policies and vigorous participation in the international economy. Aid must be complemented by participation of private enterprise through trade and investment."

In July 1981, OPIC President Craig A. Nalen initiated a Caribbean Basin action program to accelerate OPIC's identification of promising projects in the Caribbean countries and to broaden U.S. investor interest in the growing potential of the area, particularly for smaller businesses.

Initial emphasis was placed on Jamaica, and to introduce U.S. investors to the country's investment potential Mr. Nalen led an investment mission of 24 U.S. corporate executives to that country in November 1981. In December OPIC followed this with a second mission of the same size to Haiti, the Western Hemisphere's poorest nation.

OPIC, however, has long been active in the Caribbean and more than 16 percent of its worldwide insurance portfolio covers projects in this area. An even higher percentage of its finance projects (18 percent) are concentrated in Caribbean countries.

Highlights of OPIC's role in the Caribbean are:

—Active insurance contracts totalling $2.4 billion of coverage are currently in force in 21 Caribbean nations.

—In 1981 alone, OPIC issued $308.0 million of insurance and committed $55.3 million in financing for 30 projects in 11 Caribbean Basin countries.

—The 1981 projects represent nearly $460 million in new investment and by the fifth year of operation, the projects will provide jobs for an estimated 6200 in the host countries.

—In 1981, the Corporation also committed funds for two feasibility studies and shortly after the close of the fiscal year committed for two additional studies. Applications for four more pre-investment surveys are currently under study.

—Registrations are pending for 11 oil and gas exploration, development and production investments.

*Members of the OPIC investment mission to Haiti meet with President-for-Life Duvalier and Mrs. Duvalier at reception.*

**President**

*continued from page 1*

technical training. Potential for such a project of this type was identified during OPIC's Jamaica mission in 1981.

An OPIC grant of $43,000 to Rural Ventures, Inc. will be used to assess the feasibility of establishing a facility to provide advanced agricultural and marketing services for Jamaica's small farmers. The grant followed a $10,000 loan issued to Rural Ventures during the 1981 mission.

In Barbados, Mr. Nalen announced commitment of feasibility study funding to the CBI Corporation of Miami for a potential $4 million agribusiness project, and support for the investment reconaissance project initiated by AID which provided funds for the identification of promising investment potential in the Eastern Caribbean nations. The study is being conducted by Coopers & Lybrand, and as projects are identified, OPIC will make funds available for up to 15 individual reconaissance trips to help qualified U.S. investors evaluate those opportunities.

In addition, he announced that OPIC will sponsor an investment mission to Barbados and other Eastern Caribbean countries from October 25 to 30.

# Gaines Sworn In

In a special ceremony at the U.S. Supreme Court, L. Ebersole Gaines of Ketchum, Idaho, was formally sworn in by Supreme Court Justice Sandra Day O'Connor as OPIC's new Executive Vice President. Mr. Gaines was nominated for the position by President Reagan and confirmed by the U.S. Senate. Senators McClure and Symms sponsored him and appeared before the Senate Foreign Relations Committee on his behalf.

In his new capacity, Mr. Gaines has co-chaired the OPIC-sponsored investment mission to Haiti and participated in the U.S. Trade and Investment Mission to Africa. He also was keynote speaker at the OPIC-sponsored meeting for Commercial and Economic Attaches, and has conferred with a number of new Ambassadors to the U.S. representing Togo, Lesotho, Nicaragua and Philippines.

*Supreme Court Justice Sandra Day O'Connor (left) administered the oath of office as OPIC's Executive Vice President to L. Ebersole Gaines. Mrs. Gaines is at right.*

Before joining OPIC, Mr. Gaines served as a director and manager of various enterprises and small businesses. He has held executive positions in a number of U.S. corporations, including the Plax Corporation, a subsidiary of Monsanto; Continental Can Company; U.S. Plywood-Champion.

A native of Charlestown, West Virginia, Mr. Gaines graduated from the Lawrenceville School in Lawrenceville, New Jersey, and from Princeton University.

# Investor Interest Growing: Nalen

"The same economic problems that have forced us to cut back in real terms on our foreign aid and reduce sharply our Government spending are also having an enormously adverse impact on the fragile economies of the developing world," OPIC President Craig A. Nalen told participants in a Howard University sponsored Seminar on "Economics, Private Enterprise and International Trade."

"However, there is something we can do to assist these Third World countries, and it is this approach that has been the cornerstone of President Reagan's foreign economic policy. I am referring to the President's calling for private businesses to help shoulder some of the load formerly carried in large measure by programs of concessional foreign aid."

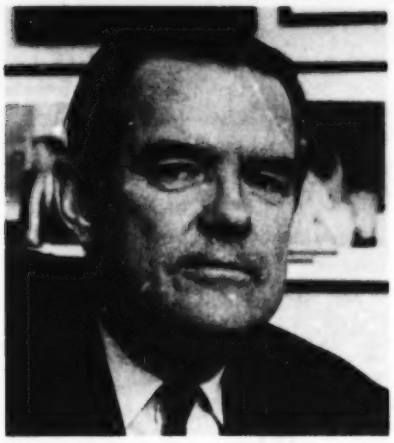
Noting the importance of Third World markets for the U.S. business community, Mr. Nalen said, "alarmingly for our economy and competitive position, they are markets in which America's share has slipped significantly over the last 10 years. We have been losing out to other developed nations who have proven to be far more competitive in these emerging markets—such as Japan, West Germany and France, to name just a few. For the sake of our own economic well being, therefore, it is clearly incumbent upon our private sector to take a much more aggressive stance in competing in these critical Third World markets."

Mr. Nalen also pointed out that investing overseas is really a two-way street. "There are obvious developmental benefits to the Third World countries, and there are significant benefits to our own domestic economy. And that, of course, is where OPIC comes in with its mandate to encourage the investment of private capital in these emerging economies."

Commenting on OPIC's new marketing efforts and a steadily increasing volume of business, Mr. Nalen said the real questions to ask are: "What have been the results of this Administration's program of investment encouragement—is it working?; Are OPIC's aggressive programs beginning to have an impact?; Is the U.S. private sector awakening to the opportunities of the vital Third World markets? I am pleased to tell you that the answer to these questions would appear to be 'yes'.

"In the last quarter of fiscal 1981, we insured a greater dollar volume of business than OPIC underwrote during the entire 12 months of 1977, 1978 or 1979.

Finally, Mr. Nalen said that "Perhaps, the most heartening sign, however, is that the Reagan Administration has begun to reduce significantly the traditional suspicion pervading the relationship between Government and business. Through enlightened programs like OPIC's there is indeed a forging of a closer, stronger bond between Government and business."



*Thomas A. Bolan*

*Paul J. Manafort, Jr.*

*Carlos Salman*

# NEW BOARD MEMBERS

Four new private sector members have joined the OPIC Board of Directors in recent months. They are: Thomas A. Bolan, New York attorney; Paul J. Manafort, Jr., Alexandria, Virginia attorney; Donald Eugene Santarelli, a partner with the Washington law firm of Santarelli and Gimer; and Carlos Salman, real estate and business executive of Miami, Florida.

The new members were nominated by President Reagan and confirmed by the U.S. Senate for service on the fifteen-member Board, which is made up of eight representatives from the private sector and seven from the Government agencies directly concerned with foreign economic policy. The private members are drawn from industry, labor, small business and cooperatives. Government members include the Director of the International Development Cooperation Agency, who serves as chairman, the Deputy U.S. Trade Representative, who serves as Vice-Chairman, the President of OPIC, the assistant secretaries of State, Treasury and Commerce, and a representative from the Department of Labor.

Mr. Bolan, a partner in the law firm of Saxe, Bacon & Bolan, has served as a Federal Prosecutor under three U.S. Attorneys and prosecuted many significant cases involving internal security and fraud. He also has specialized in providing advisory services to U.S. citizens residing abroad and has traveled extensively throughout the world.

In addition to his law practice, he has served as executive officer or a director of numerous corporations, banks and charitable organizations. He also has played an active role in the affairs of the Catholic Church, and since 1965 has served as Judge Advocate of the largest chapter of the Catholic War Veterans. He taught law for four years at the St. John's University School of Law, and since 1968 has been a member of the Board of Regents of St. Francis College in Brooklyn, New York. He currently serves as secretary and a director of the American-African Affairs Association.

During World War II, Mr. Bolan served with the Air Force in the European Theater of Operations.

Paul J. Manafort, Jr., is a partner in the Alexandria law firm of Black, Manafort & Stone, a firm specializing in government relations, international financing and representation, and general corporate interests. From 1977 to 1980, he was affiliated with Vorys, Saber and Pease, where he specialized in practice before federal administrative agencies. Prior to that he was associate director of personnel on the White House staff with responsibility for liaison with international and national security agencies and energy-related departments.

He is a member of the Connecticut and District of Columbia Bar Associations and serves as International Vice President for the United States Youth Council. He also serves as advisor to the Charles Edison Memorial Youth Foundation which engages in the litigation and administrative process in matters affecting the broad public interests.

From 1974 to 1976 he was Chairman of the Board of Briarwood Junior College and also served on the Connecticut College Scholarship Commission. He was southern coordinator of the Reagan for President campaign from 1978 to 1980 and served as a member of the transition team in 1981.

Since 1972 to the present, Mr. Salman has been engaged in real estate and investment with Carlos Salman Realty of Miami, and during the previous 12 years, was assistant comptroller of Wometco Enterprises, Inc., also of Miami. Earlier in his career he served as assistant treasurer of Iberia Machinery Company and as assistant

*continued on page 12, column 1*

**Board Members**

*continued from page 11*

to the Vice President in charge of Sugar Exportation of the Ward Garcia Line, both in Havana, Cuba.

He has served as a board member for a number of civic and eleemosynary organizations, including: the Budget Review Committee of the City of Miami, the Zoning Appeals Board of Dade County, the National Defense Executive Reserve of the U.S. Department of Labor, and the Spanish Economic Development Corporation.

Mr. Salman holds a master of business administration degree and a B.A. degree in accounting from Villanova College, Havana.

*Donald E. Santarelli*

Mr. Santarelli currently is an attorney in Washington, D. C. A member of the D. C. and Virginia bars, he specializes in corporate and administrative law.

In 1975, he served as Special Counsel to the U.S. Senate in the contested New Hampshire senatorial election. He also was a member of the Board of Directors of the Corporation for Public Broadcasting, with responsibility for the operations and the administration of more than one hundred million dollars in federal funding for the promotion of public broadcasting throughout the U.S.

From 1964 to 1974 Mr. Santarelli served with the U.S. and D. C. Governments in several capacities, including: Administrator of the Law Enforcement Assistance Administration of the U.S. Department of Justice; Associate Deputy Attorney General of the U.S. Department of Justice; Special Counsel to the Senate Judiciary Subcommittee on Constitutional Rights; Minority Counsel to the U.S. House of Representatives Committee on the Judiciary; Assistant U.S. Attorney for the District of Columbia.

Mr. Santarelli is a member of the board of many civic, legal and public services groups, including: the Program Advisory Committee Board of the Corporation for Public Broadcasting, the University of Virginia Board of Visitors, the National College of District Attorneys Board of Regents, the American Judicature Society Board of Directors and the National Italian American Foundation Board of Directors.

An adjunct professor at Georgetown University Law Center, he holds degrees from the University of Virginia Graduate School of Arts and Sciences, the University of Virginia Law School and Mount St. Mary's College of Emmitsburg, Maryland.

**Annual Report**

*continued from page 8*

close of the period totaled approximately $17 million. Since the inception of the political risk insurance program in 1948, OPIC and its predecessor agencies have settled 134 insurance claims aggregating $393.4 million in cash payments and guaranties and have entered into an indemnity agreement in settlement of one other claim. In all, a total of 18 claims have been denied by OPIC and its predecessors, but only five of these were contested.

During the fiscal year, insurance projects assisted numbered 95, nearly equalling the record set in fiscal 1980. Of the total, 25 involved investments by smaller businesses. Two specialized areas of importance to the U.S. and developing nations accounted for nearly half of the year's underwriting volume. Oil exploration and production projects accounted for 37 percent of total insurance volume, and there was a dramatic surge in the volume of OPIC's insurance of bid, performance, and advance payment guaranties posted by U.S. contractors and exporters.

The Finance Department was also particularly responsive to the needs of the Caribbean Basin which accounted for 54 percent of the total dollars committed and included two projects in Jamaica. Fourteen commitments, or 70 percent of the total number, involved projects sponsored by, or significantly involving U.S. small business or cooperatives and six were in agribusiness.

During the year the Finance Department participated in the financing of 12 feasibility surveys and initiated a new program to promote business management education and manpower training through grants and other forms of financial assistance. OPIC participated in nine training programs supportive of investments by small business.

During the first five years of operation, the OPIC-supported projects will create an estimated 21,000 host country jobs, 3,500 of which would be management/professional positions. About $915 million of the original investment will be spent locally for goods and services, creating additional job opportunities. The projects are expected to produce a positive net effect on the host countries' balance of payments amounting to $1.2 billion.

Investors project that some 38,000 man-years of U.S. employment will be generated during the first five years of operation. Return to the U.S. balance of payments is estimated at $176 million, during the five year period.

# New Government Board Member

T. Timothy Ryan, Jr., Solicitor of the Department of Labor, was appointed to serve as one of the seven U.S. Government members of the OPIC Board of Directors by President Reagan.

*T. Timothy Ryan, Jr.*

Prior to his appointment, Mr. Ryan was with the Washington, D.C. law firm of Pierson, Ball and Dowd, specializing in management, labor and employment relations law. Prior to that, he was associated with the Baltimore law firm of Venable, Baetjer and Howard, and in 1973 was a Fellow with the Urban Transportation Institute.

He is a graduate of Villanova University and the American University Law School. He is an Adjunct Professor of Law at the Georgetown University Law Center and a council member of the Administrative Conference of the United States. He is a member of the Labor Law Section of the American and Federal Bar Associations as well as the Bar Association of the District of Columbia.

*OPIC's 12-year loan guaranty commitment of $30 million is part of multilateral financing for $250 million copper mining project of Zambia Consolidated Copper Mines, Ltd., (ZCCM). Funds will be provided by Bank of America. Present at the London signing, left to right, (seated), were: Thomas Murray, Financial Director, ZCCM; Francis Kaunda, Managing Director, ZCCM; Douglas Lemmonds, Vice President, BOA; James Banks, OPIC finance officer. Standing are: John Godby, Attorney for ZCCM; Bruce Ghrist, OPIC attorney.*

# CONFERENCE IN TURKEY SCHEDULED

A three-day conference designed to stimulate closer business ties and increased trade volume between the United States and Turkey will be held at the Istanbul Hilton from October 3 to 6, 1982.

The conference will be sponsored by the American Turkish Society, Inc., with the support of the U.S. and Turkish Governments and the Union of Chambers of Commerce, Industry and Commodity Exchanges of Turkey. A number of U.S. companies already have agreed to participate. They include: Morgan Guaranty, Irving, and Manufacturers Hanover Trust Companies; John Deer, Inc.; Transammonia, Inc.; A. J. Hollander, Inc.; and Marc Rich and Company.

According to the Society, the conference has been organized as a means for encouraging private sector initiatives in Turkey in line with the stabilization of the country's economy in 1981, and the Turkish Government's initiatives to create a favorable investment climate. It also coincides with a concerted export drive undertaken by Turkish businessmen seeking joint venture partners.

To provide focus for the meeting, the Council has identified five major areas of concentration for potential investors, including: trade; long-term capital investments; banking and finance; joint activity in third markets; and tourism. The conference will be an off-the-record forum and will offer an effective means for the exchange of ideas between ministers concerned with foreign investment and the participants.

For detailed information, contact: M. Birol, American Turkish Society, Inc., 380 Madison Avenue, New York, New York 10017. Telephone: (212) 490-8742.

# Iranian Claims Settlement Process

OPIC's settlement process for claims arising out of the overthrow of the Shah of Iran in February 1979 is near completion. OPIC General Counsel S. Linn Williams pointed out that the agency's settlement process has moved rapidly in comparison to that of the Iran-U.S. Claims Tribunal, where resolution of disputes and compensation for most U.S. investors is not expected for several years. "Obviously they face many complex problems," he said, "But OPIC has demonstrated its ability to reach prompt and equitable solutions in a relatively short time."

When the Ayatollah Khomeini assumed power, OPIC's current expropriation exposure in that country was $44.5 million. Because many U.S. companies perceived Iran as politically stable and the risks minimal, OPIC's exposure was relatively low considering the fact that total U.S. direct investment in the country was estimated at $524 million at the end of 1980. For most U.S. investors whose properties were confiscated or whose ability to conduct business was halted, the only recourse lay with the Iran-U.S. Claims Tribunal, established by the agreements which brought about the eventual release of the U.S. hostages.

Although the Claims Tribunal has released no official figures, it has been estimated that almost 5,000 claims have been filed seeking several billion dollars in total compensation. U.S. claimants who win awards will be compensated from an initial one billion dollar escrow fund created under the hostage release agreements. The Government of Iran is obligated to maintain the fund at a level of $500 million or more as awards are paid out. Indications are that the Tribunal may give priority to claims involving immediate hardship, such as bankruptcy.

OPIC has settled 11 claims which have arisen since February 1979 for a total of $14,530,835. With the exception of one inconvertibility claim, the claims were paid for expropriatory action. To date, no Iran-related claim has been denied but one active claim is awaiting final verification.

Most of the claims, filed by investors who had joint venture agreements with local investors or the Iranian Government itself, were de facto expropriations, occurring over a period of time and involving interferences by the Government of Iran with the investor's rights. In many cases, expatriate personnel employed by the investor were forced to leave the country, and in others, illegal actions were taken by Government representatives on the Boards and in the management of the Iranian companies. Only two of the claims represented "partial expropriation" involving a denial to the investor of dividends declared payable by the Iranian companies.

Once the expropriation claims were settled, OPIC succeeded to the rights of the insured. To pursue salvage, OPIC submitted all the paid claims to the Claims Tribunal to obtain compensation. Now OPIC is litigating the claims jointly with the insured investors who also had uninsured interests in the Iranian companies for which they are seeking compensation directly from Iran. These OPIC insureds have recovered at least a substantial portion of their Iranian losses.

# Investment Mission Director

Douglas Burck recently joined OPIC as Director of Investment Missions and Seminars.

Before joining OPIC, Mr. Burck was president of California Trade Delegations, Inc., a company he founded in 1978, to organize overseas trade missions for U.S. companies. From 1978 to 1981, he led 16 official delegations abroad. More than 130 companies participated in the program as a means for identifying trade and investment opportunities in a number of countries.

Prior to 1978, Mr. Burck served as Marketing Director of Heartscan, Inc., of Santa Cruz, California, a medical research and testing company specializing in cardiac diseases. From 1970 to 1973 he served with the Peace Corps staff in Washington, D. C., Guatemala, and Malawi.

In 1964 Mr. Burck founded the American Institute for Foreign Study, Greenwich, Connecticut, which is the largest student overseas educational travel company in the U.S. serving more than 30,000 students and teachers annually. Mr. Burck began his career at Procter and Gamble of Cincinnati, Ohio, where he served in the brand management area of the food marketing division.

A native of California, Mr. Burck holds a Business Administration Degree in Marketing from the University of California at Los Angeles.

# DEVELOPMENT REPORT

In compliance with its Congressional directive, OPIC has published its annual Development Report for 1981. The report analyzes the insurance and finance projects supported during the fiscal year as to their impact on social and economic development in host countries.

The report also reviews the ways in which OPIC's operations complement U.S. development assistance programs and includes a summary of the direct and indirect benefits accruing to the U.S. economy through the creation of new jobs, improved access to new sources of needed raw materials and positive return to the U.S. balance of payments.

During fiscal 1981, OPIC made commitments to insure or finance 113 projects in 37 countries. Fifty-five of the projects are in the manufacturing area, 19 in banking and finance, 12 in agribusiness, 12 in services, 10 in construction and five in minerals or energy.

Forty-five projects, or 40 percent of the total, are located in countries with a per capita Gross National Product of $520 or less computed in 1975 dollars. Thirty-three of the projects (29.2 percent) are in Latin America, and of that total, all but three are in the Caribbean Basin. The Middle East accounted for the same number of investments, followed by East Asia (50), Afirca (11) and South Asia (6).

Total investment in the projects is estimated at $4.5 billion of which 41 percent comes from U.S. investors. During the first five years of operation, these enterprises are expected to create some 20,600 new jobs of which 17 percent will involve management and supervisory responsibility.

Host country benefits will include an estimated annual $1.2 billion in foreign exchange earnings, and annual host country revenues from taxes and duties of $349 million. During the period from 1978-1981, the amount of OPIC-supported investment increased by some 600 percent from $665 million in 1978 to $4.5 billion in 1981.

OPIC's energy program, instituted five years ago, has grown steadily. During the five-year period, 10 oil and gas exploration and production projects, involving more than $1 billion in investment, have been supported in eight non-OPEC countries.

In conjunction with other U.S. Government agencies and private sector experts, OPIC's economists evaluate the probable impact projects will have on the domestic economy with focus on employment, exports, balance of payments and the transfer of technology.

The 113 projects of 1981 are expected to result in about $1.6 billion in initial purchases of U.S. equipment, machinery and supplies, and during the first five years of operation to generate an additional $791 million in U.S. exports. The U.S. investors report that these projects will generate some 38,200 man-years of U.S. employment to manufacture, mine, grow, process and ship the increased exports. In all, the projects will return an estimated $2.6 billion to the U.S. balance of payments during the five year period.

*David Wildish, Managing Director of Jamaica Broilers, Ltd., signs commitment letter for $750,000 direct loan to finance project expansion. The loan was the second made to the project. Looking on (seated) are: Corinne McLarty, Managing Director, Jamaica National Investment Promotion, Ltd. and OPIC President Craig Nalen. Standing are: Oliver Holmes, (left), Citibank; Robert Levy, (center); and Stephen Virtie, both officers of Jamaica Broilers.*

## Mission Schedule

Following the investment missions to Egypt and Thailand, OPIC will organize visits for U.S. executives to several Eastern Caribbean nations (October 25-30) and Pakistan (November 13-19). In addition, follow-up missions are planned for Haiti (October) and Jamaica (December).

Companies interested in participating are urged to register as early as possible by contacting the office of Investment Missions, (202) 653-2800.

# Inconvertibility Coverage Grows

Writing in the May-June issue of the Harvard Business Review, Richard Stern, OPIC Assistant General Counsel for Claims, points out that increased costs for imported oil have caused many developing nations to delay, suspend or even block conversions of local currencies to freely convertible hard currencies that permit transnational transfers.

"But," he writes, "more multinationals are discovering a valuable tool for coping with this problem—inconvertibility insurance, which is offered by the Overseas Private Investment Corporation and some private insurers.

"Companies carrying inconvertibility insurance have received some sizable payments through it. For example, from 1979 through 1981 OPIC paid one tire company $9.09 million in settlement of inconvertibility claims arising from Zaire. Another company has received $12 million in compensation in the last three years for inconvertibility claims arising in Ghana. In recent years OPIC has also paid inconvertibility claims originating in Iran, the Sudan, Nicaragua, El Salvador, Ecuador, and Turkey, all of which have posed problems for uninsured investors.

"The growing importance of inconvertibility insurance is reflected in OPIC's claims history. In fiscal years 1979 to 1981 OPIC settled 52 inconvertibility claims amounting to nearly $30 million, while from 1966 to 1978 the agency paid only 32 claims totaling $8 million. Under special agreements with the host governments, OPIC sells the local currency acquired, so its net loss is not large."

The full text of Mr. Stern's article may be obtained by writing to: Information Officer, Overseas Private Investment Corporation, 1129 20th St., N.W., Washington, D.C. 20527.

# Thailand Mission Planned for July

An OPIC-sponsored investment mission will visit Thailand from July 10 to 17 to identify and evaluate potential opportunities for U.S. private investors in that country.

"Thailand welcomes U.S. investment, and since the 1950s the country has actively sought a broader foreign investment base," according to OPIC President Craig A. Nalen.

The laws governing foreign investors offer a variety of incentives, including: unrestricted repatriation of profits, dividends or capital; corporate tax exemptions; readily convertible currency; duty-free imports of machinery; protection against double taxation through bilateral agreement with the U.S.; a well-developed infrastructure; and an educated labor force. The Government also permits 100 percent foreign ownership, and offers additional incentives for certain types of business.

There are a number of sectors which offer promising potential for U.S. investors, including: food processing, animal feeds, insecticides, mining, industrial and agricultural machinery, electrical/electronics equipment, fertilizers, leather products, and furniture.

In the five-year period from 1975 to 1980, Thailand's Gross Domestic Product grew at an average annual rate of 8.7 percent. In 1980, GDP was $32.9 billion in U.S. dollars, with agriculture accounting for 26 percent of the total and manufacturing for 20 percent. The country's current five-year plan calls for expanded foreign investment to strengthen the private sector and a steady increase in exports. The plan also places special focus on broadening the investment base by attracting more small businesses, and non-energy intensive projects.

Thailand's major trading partners are Japan, the European Economic Community, the U.S., and the nations of the Association of Southeast Asian Nations (ASEAN) of which it is a member. More than 300 U.S. companies are operating in the country, and OPIC has written $288.2 million in insurance covering 35 projects there. The mission will be the 18th in the OPIC program which was started in 1975 and has taken hundreds of U.S. business executives to 37 countries in Central and South America, Africa, Eastern Europe, the Middle East, Southeast Asia and the Caribbean Basin.

**TOPICS** is published by the Office of Public Affairs of the Overseas Private Investment Corporation (OPIC). Its purpose is to provide information on OPIC to clients, the business community, U.S. and foreign government officials, the press, and interested segments of the general public.

Inquiries or requests for additional information should be directed to the Office of Public Affairs, Overseas Private Investment Corporation, 1129 20th Street, N.W., Washington, D.C. 20527. Telephone: (202) 653-2800.

Robert L. Jordan, Director, Public Affairs
Janet M. Sullivan, Reporter

Next issue July/August, 1982

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VOLUME 11 NUMBER 2 OCTOBER/NOVEMBER 1982

# TOPICS

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MAY 12 1983

U. S. GOVT. PUBS.

*An obviously pleased President Reagan displays $50 million check returned to U.S. Treasury by OPIC. The President promptly gave the check to Treasury Secretary Donald T. Regan for appropriate action.*

## OPIC RETURNS $50 MILLION TO U.S. TREASURY

At a special White House ceremony on September 20, OPIC presented President Ronald Reagan with a $50 million "check" payable to the U.S. Treasury.

In making the presentation, OPIC President Craig A. Nalen said the unprecedented return of funds to the American taxpayer was due in large part to U.S. business response to the President's call for increased private sector support for Third World development.

"I am pleased to be able to present to you this $50 million check from our record profits this year," Mr. Nalen said. "This is an example, of how the American private sector and efficient government programs can work together to benefit not only the friendly developing nations but the U.S. economy and taxpayer as well."

"You have consistently emphasized the need for greater private sector involvement in the development process, and I want you to know that we at OPIC heard you. I can also report that the U.S. business community heard you and this is why we can return this money to the U.S. taxpayer."

In accepting the check, President Reagan said that OPIC's return of funds demonstrates the positive results of a working partnership between government and the private sector.

"This Administration believes that a strong working partnership between government and the private sector can effectively infuse new strength into the economies of the friendly developing nations," said Reagan. "I

*continued on page 2, column 3*

## OPIC INTENSIFIES SMALL BUSINESS EFFORT

During fiscal 1982, OPIC successfully intensified its efforts to introduce small businesses to investment opportunities in the developing world, Craig Nalen told the House Subcommittee on Export Opportunities and Special Small Business Problems of the House Committee on Small Business. The hearing was one of a series on federal assistance to small business, which will be used to compile a guide for the small businessman.

"Small businesses already play an important part in OPIC's activities," said Nalen. "Among OPIC's active insurance clients, the number of small businesses has risen to almost 70 percent of the total number of insured investors. Among our finance clients, small businesses have been involved in 64 percent of the total number of projects.

In describing the Agency's efforts to attract small business for investment in the developing nations, Nalen reported the following achievements:

- As of July 31st, 29 percent of OPIC's fiscal year 1982 insurance projects substantially involved small businesses and cooperatives. The aggregate insurance coverage for these investors is approximately $100 million.
- Of the 655 insureds comprising OPIC's total insurance program, 450 or 68.7 percent are small businesses or cooperatives.
- OPIC's Direct Investment Fund (DIF) loan program is reserved exclusively for small business. Through July 31st, OPIC had made finance commitments of $11.3 million for ten

*continued on page 2, column 1*



OP1.9:

**Small Business**

*continued from page 1*

smaller businesses for projects in eight developing countries.

• OPIC has introduced a reduced insurance registration fee for small business and offers coverage for "on-demand" letters of credit that are needed by contractors and, particularly, subcontractors, which are often small businesses.

• Since 1978 OPIC has expended well over $200,000 to offset some of the unusual expenditures a small business encounters in starting up or expanding an operation overseas, including legal and accounting services.

• Thus far during fiscal 1982, OPIC has committed to fund 23 reconnaissance and feasibility studies, 20 of which were for small businesses.

• In 1982, four investment missions, which provide small companies with host country contacts, took 60 firms to four developing countries. Forty-three of the participating businesses were small businesses.

• The first OPIC telemission on April 15, 1982, linked Cairo, Egypt with six U.S. cities. Of almost 800 participants, an estimated 75 percent were small businessmen.

• During the past month, 262 calls were received through OPIC's toll-free telephone number, with 240 or 91 percent coming from small businesses.

• OPIC has established an Executive Marketing Council of retired businessmen to advise and assist small businesses interested in investing in the developing nations.

• OPIC is developing a data bank that matches potential investors, particularly small businesses, with suitable projects in developing countries.

"We believe that small businesses are essential to the sucecss of OPIC policy, and we have put the latest technology and innovative marketing techniques to use to reach that audience, which perhaps stands to gain most from the use of OPIC's programs," said Nalen.

"With continued effort, we believe we can assist even more small businesses in overseas investment that is financially rewarding for them, developmentally beneficial to host governments and economically advantageous to the United States."

*President Craig A. Nalen presents Congressman Andrew Ireland of Florida with a copy of OPIC's first advertisement featuring small business investment opportunities in the Caribbean.*

**$50 Million**

*continued from page 1*

think OPIC's success in facilitating this type of partnership proves the benefit of this policy."

The President also noted that through government programs such as OPIC's, the United States could compete effectively in the growing markets of the Third World, which he termed a critical factor in ensuring the future growth of our own economy and its capacity to create new jobs at home.

Mr. Nalen estimated that by the close of the fiscal year, OPIC had issued some $4.0 billion in political risk insurance over the past 15 months, a record volume nearly equal to the previous five years combined. At the end of FY 1981, OPIC reported a net income of $76.2 million, and estimates for 1982 indicate a record net in excess of $82 million.

Return of the $50 million represented nearly half of the $106.2 million of Congressional appropriations received by OPIC when it began operations.

## MISSION TO INDIA

In cooperation with the State and Commerce Departments, OPIC will sponsor an investment mission to India from February 22 to March 5, 1983. Present plans include a meeting with Prime Minister Indira Ghandi and Cabinet members concerned with foreign investment.

Areas of opportunity to be explored include: telecommunications, petroleum-related industries; agribusiness; inland transportation; medical products; and automobile component and industrial machinery manufacture.

Further details are available from: Mary V. Cunningham, OPIC, Washington, D.C. 20527. Telephone: (202) 653-2924 or 800-424-6742 (toll-free). Telex: OPIC WSH 89-2310

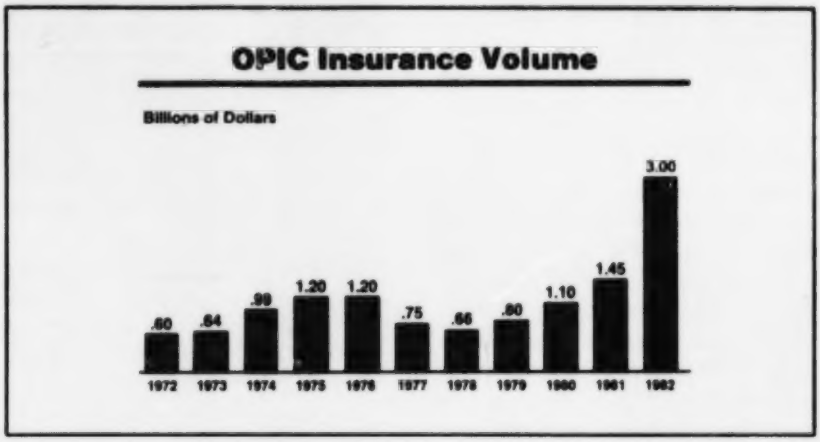
# RECORD VOLUME FOR 1982

OPIC has reported an estimated record insurance volume of more than $3 billion for fiscal 1982, more than double the previous high of $1.42 billion written in fiscal 1981.

Craig Nalen, president of OPIC, said the surge in insurance activity reflected growing interest by American investors in the use of political risk insurance and a higher level of investment by U.S. businesses in the growing Third World markets.

"We are hopeful that this is a signal that the U.S. business community is determined to regain its leadership in the international marketplace," Mr. Nalen said.

Estimated gross revenues for the year ending September 30, 1982 were $98 million, an increase of 13 percent over the $86.8 million for the previous year. Net earnings, after provision for operating expenses and claims payments, were an estimated $82.5 million, up eight percent from 1981. As of September 30, funds available for claims payments, after return of $50 million to the U.S. Treasury, were $807 million.




Other gains during the period, included: a 33 percent increase in the number of projects insured and financed; an increase of over 28 percent in registrations with 434 received during the period; and a 50 percent increase in the settlement of insurance claims for the inconvertibility of local currency and expropriation paid by OPIC, totalling $12.7 million.

During the year OPIC obtained approximately $10.1 million through recoveries from host governments and reimbursements from reinsurers, and additional recoveries are expected.

OPIC and its insured investors have also filed international arbitration claims of approximately $40 million against the government of Iran for expropriations of American businesses by the Khoemeni Government.

# WANT TO STAY ON TOPICS MAILING LIST?

In line with the Administration's drive to reduce Government spending, OPIC is analyzing the production and distribution costs of all its publications. One step in the process will be the updating and reorganization of the TOPICS mailing list which has grown rapidly in the past two years.

To help us accomplish this, we request that you clip the information form on this page, fill out and return it to us no later than January 20, 1983. If your reply has not been received by that date, your name will be removed from the list. Thank you for your cooperation.

Please address replies to:
Office of Public Affairs
Overseas Private Investment Corporation
1129 20th Street, N. W.
Washington, D. C. 20527

OPIC

Please continue to send TOPICS to:

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Street: .....

City & State: .....

Zip Code: .....

## Caribbean Focus:

As a special service to members of the business community interested in the Caribbean, OPIC and the Agency for International Development's Bureau for Private Enterprise (PRE) have assembled a comprehensive information kit, "Caribbean Investment Opportunities."

The kit, available for $25.00, includes complete profiles on 14 Caribbean countries including information on incentives offered to foreign investors, data on available services, labor supply, government policies, financial institutions and contact points in key government ministries.

It also contains details on OPIC and AID programs and services for U.S. investors, covering such subjects as financing, political risk insurance, feasibility studies, a listing of information sources, and information on upcoming investment missions to Jamaica and Haiti.

OPIC and AID have long been active in the Caribbean. In fiscal 1981, OPIC issued $308 million in insurance and committed $55.3 million in financing for 30 projects in 11 Caribbean Basin countries. These projects represent nearly $460 million in new investment and by the fifth year will employ some 6,200 workers.

AID's assistance programs to Caribbean countries, implemented in cooperation with host country governments, exceeded $180 million in 1981. AID also has funded a three-year program for project development and assistance in the Caribbean area.

Kits may be obtained by sending a check for $25.00 to Caribbean Investment Opportunities, 1129 20th Street, N.W., Washington, D.C. 20527.

# CONTRACTORS IN EGYPT, LEBANON

A special investment mission sponsored jointly by OPIC and the Associated General Contractors of America visited Egypt in late October, and then went on to Beirut, Lebanon, to explore ways in which the U.S. construction industry can help in rebuilding the war-torn city. The Lebanon visit was made at the request of the White House, and was co-chaired by OPIC President Craig Nalen and Winton M. Blount, chairman of the Blount Construction Company, Birmingham, Alabama.

The Egypt mission was mounted in response to requests from officials of that country and its purpose was to provide leading U S. contractors with detailed information on specific projects. During the course of the visit, participants met with government ministers and members of Egypt's construction industry. James P. Thompson, Jr., Director of International Construction of the AGC served as mission chairman.

Participants included Robert Elliott, Boring and Tunneling Co. of America, Inc., Houston, Texas, Douglas Kowert, Pepper Construction Co. International. Schaumburg, Illinois; Paul N. Howard, Jr., Paul N. Howard Co., Greensboro, North Carolina; Cornell E. Collins, M. M. Sundt International, Tucson, Arizona; W. C. Burns, Morrison-Knudsen Company, Boise, Idaho; Richard M. Pearl, Brown & Root, Houston, Texas; Frederick T. Brandt, J. A. Jones Construction Co., Charlotte, North Carolina; Neil W. Krumwiede, Grove Overseas Corporation, Vienna, Virginia.

Also: Jim H. McLain, Blount International, Ltd., Montgomery, Alabama; Frank M. Warren, Jr., Raymond International Builders, Houston, Texas; Donald C. Glover, Dillingham Construction—International, Pleasanton, California; J. Frank Brennan, Dames & Moore, Los Angeles, California; Doyle D. Weigner, Green Construction Co., Des Moines, Iowa; John S. Wither, H. B. Zachry Co., San Antonio, Texas; S. Kinnear Smith, Ransome Co., Emeryville, California; Warren Pettingell, Perini Corporation, Framingham, Massachusetts; David M. Fredericks, Touche Ross, N.Y., N.Y.; and Samuel M. Hoskinson, Bechtel Group, San Francisco, California.

*Finance officer Brian Treadwell and Frank Wilson of the insurance department accompanied U.S. contractors on Egypt investment mission.*

# Thailand Attracts U.S. Companies

Five U.S. companies recently reached agreements on investment in Thailand, and an additional five projects are expected to materialize in the near future, according to OPIC President Craig A. Nalen. Official approval for the projects by the Government of Thailand is expected shortly.

The announcement was made in Bangkok at the conclusion of an OPIC-sponsored investment mission during which executives representing 15 corporations met with government officials, U.S. Embassy staff and local businessmen to identify potential investment opportunities in the country.

"The decision of the five companies to proceed with investments is

continued on page 6, column 1

*OPIC President Craig A. Nalen thanks Thailand and U.S. Embassy officers for help in organizing the successful investment mission of July 10-17, 1982. Dr. Thaworn Poruprapha (seated, right center), is President of the Association of Thai Industries and Chairman of the Joint Standing Committee on Banking and Industry, who hosted a dinner for the group. At right is Robert Brungart, Economic Counselor, U.S. Embassy, and at far left is L. Ebersole Gaines, Executive Vice President of OPIC.*

# Fishing Projects In Ghana

Two OPIC loan guaranties amounting to $2,480,000 will provide for expanded tuna fishing and canning operations in Ghana. The loan guaranties will permit the Ghana Tuna Fishing Development Company and the Pioneer Tuna Fishing Company, Ltd., both Ghanaian companies, to acquire six tuna vessels from Japanese and Korean companies which have been operating the fishing fleet for several years.

The U.S. sponsor in the joint ventures is Star Kist Foods, Inc. which has utilized OPIC services over the past nine years in the development of the proejcts. The loans guaranteed by OPIC were provided by Security Pacific National Bank of Los Angeles.

The projects provide employment and training for more than 100 Ghanaians, and over the years have been instrumental in developing the country's fishing industry, one of its most important resources. Foreign exchange earnings in excess of $2 million are anticipated during the next five years of operation. Finalization of the acquisitions also contributes to the country's development goals by increasing local ownership of the industry and increasing the local availability of fish in a food-deficient country.

*At the signing of OPIC loan guaranty agreements for expansion of tuna fishing projects in Ghana were: (left to right, seated) James D. Banks, OPIC Senior Investment Officer; David A. Hammond, Director, Pioneer Tuna Fishing Co., Ltd. of Ghana; Ian R. de Leschery, Vice President, Security Pacific National Bank. Standing left to right are: John E. Korth, Secretary-Treasurer, Star-Kist Foods, Inc.; William McLoughlin, Assistant to the Vice President, Star-Kist; Leo H. Phillips, Jr., Assistant General Counsel, OPIC; Nancy Even, Vice President and Counsel, Security Pacific; Nasser Gramian, Assistant Vice President, Security Pacific.*

**Thailand Mission**

*continued from page 5*

a direct result of careful planning and good faith negotiation between representatives of the U.S. companies and Thai Government officials and businessmen," Mr. Nalen said.

"The highly positive results of the mission serve to underscore our belief that Thailand represents an excellent opportunity for the U.S. investor. Realization of these opportunities which will produce mutual benefits for the United States and Thailand will strengthen the long-standing ties between our nations."

The delegation to Thailand was a direct result of Prime Minister Prem's visit to Washington last October at which time he discussed Thailand's interest in increased U.S. investment with President Reagan.

Nalen further stated that the OPIC mission followed the visit of a delegation led by Assistant Administrator of A.I.D. Elise DuPont's Private Enterprise Bureau. "The A.I.D. reconnaissance trip was very helpful in identifying business leads for U.S. investors, and we plan to continue to work closely with Mrs. DuPont's people in the future," he said.

Mission co-chairman, Herbert L. Lucas, Jr., former president of Carnation International, added, "Three things have impressed me during this mission. First, the investment climate here makes Thailand one of the most attractive investment areas in the developing world. Second, I continue to be impressed by the genuine warmth and graciousness of our welcome by everyone with whom we have worked in Bangkok. And third, I am enthusiastic about the large number of specific investment opportunities that have been identified and developed in such a short period of time."

The five firm investment projects announced are:

Continental Conveyor and Equipment Co., a subsidiary of the B. F. Goodrich Company, will pursue a joint venture with a Thai engineering firm to manufacture conveyor components which could lead to an investment of over $3 million.

*Participants in Thailand mission study data on potential investment opportunities. From left are: Edward Whalen, Vice President for Asia/Pacific, International Telephone and Telegraph Corp., which plans to double its investment in communications; Jack Barger, President of Barco International, which plans a meat processing and packaging project; Gunnar Johnson, Director, International Continental Conveyor Equipment Co., which will establish a plant for the manufacture of conveyor equipment; Lee Barnes, Commercial Attache, U.S. Embassy; and OPIC President Craig Nalen.*

Castle and Cooke plans a one million dollar expansion of its Dole operations in Hua Hin. Currently almost all of Dole's pineapple products are exported, and this planned additional investment would upgrade and expand the number of products for export.

Barco International, a subsidiary of the Barger Group, Inc., an agribusiness firm from Ohio, plans to join with a local partner in a three to four million dollar project involving construction and operation of a swine slaughtering facility in Thailand.

Hawaiian Holiday Macadamia Nut Co. announced plans to establish three new projects in Thailand involving an anticipated investment of up to $9 million dollars. One project is a joint venture with two local companies to produce chocolate and process candy and confections for the domestic market and for export. The second, involving the same two companies, will introduce a pioneer industry to Thailand, namely the planting of macadamia nut trees, and eventual production for export. The third project is a joint venture with a local company to process locally-grown cashew nuts for export to the U.S. and throughout the Far East.

ITT Thailand is planning an expansion that would more than double the company's existing investment providing Thailand with the most advanced telecommunications systems, products and technology available in the world. ITT also plans to introduce a wide range of industrial and consumer products.

The additional projects nearing completion involve investments in agriculture, animal feeds, potash mining, electronic equipment, cosmetics and a number of construction projects.

In addition to the mission participants, OPIC has on hand 13 pending applications for new investment in Thailand totaling more than $21 million.

"We are pleased with the results of this mission," Mr. Nalen said. "It's a good start but the important thing to note is that it's just the beginning. I expect to see a significantly accelerated rate of U.S. investment in Thailand over the next several years."

# EGYPT MISSION SUCCESSFUL

Potential projects representing more than $15 million in investments and the creation of nearly 1,200 Egyptian jobs were announced at the close of the week-long Egypt mission by William A. Delphos, OPIC Vice President for Operations and mission co-chairman.

"This mission has been an unqualified success," Mr. Delphos announced at a press conference in Cairo. The results achieved are a direct result of careful planning, practical negotiation and intelligent compromise between representatives from nine American companies, Egyptian Government officials and businessmen."

William E. Brock, U.S. Trade Representative, who met the group in Cairo, praised the OPIC effort, saying: "It's time we stopped studying things to death and started doing something. I am proud of what OPIC is doing and of the cooperation we have enjoyed with other U.S. Government agencies and the private sector in Egypt."

Mission co-chairman, Sewall D. Andrews, a retired Corporate Vice President for International Operations at General Mills, added: "Egypt has a rich history, but this group of American businessmen has found that Egypt is also rich in business opportunities. A large number of American businesses are finding this out. In fact, OPIC now has before it upwards of $900 million in investment applications for Egypt of which $95 million is expected to materialize in the near future."

Among the investment and project agreements reached were:

Land O'Lakes of Minnesota intends to establish a dairy plant in a joint venture with the Ismailia Company for animal development.

Hawaiian Holiday Macadamia Nut Company of Hawaii will establish a pilot farm of more than 200 nut trees exported to Egypt from Hawaii.

World Industries Inc. of Florida has reached an agreement with several Egyptian companies to manufacture polyester plastic bottles and plastic caps for the local beverage industry.

Chemtex Inc. of New York will establish a joint venture agreement with Egyptian and Syrian businessmen to manufacture and sell acrylic paint.

East-West Group, Ltd. of New Jersey has signed a letter of understanding with Arab Engineering Projects (AEP) for a fruit and vegetable production project.

Kolpak Industries, Inc. of Tennessee is concluding an agreement with an Egyptian company to establish a plant for the design, manufacture and sale of commercial refrigeration equipment.

Domex Administrative Services of Pennsylvania will provide a technical assistance package which would encompass over 700 man-weeks of training to an Egyptian company involved in the manufacture of industrial equipment.

KNBS, Inc. of California intends to establish a joint venture to build a processing plant for vegetable products.

OPIC recently concluded a survey agreement with Tenneco to provide up to $50 thousand for a feasibility study to evaluate a transportation system along the Nile between the Aswan Dam and Kerma in Northern Sudan.

In addition, James P. Thompson, Jr., Director of International Construction of the Associated General Contractors of America, announced that in late October a group of U.S. executives will visit Egypt to explore construction opportunities.

"Plans have been made to meet with Ministry of Housing, Reconstruction and Reclamation officials," Mr. Thompson said. "This mission will be in cooperation with OPIC and also will include meetings with local Egyptian contractors, contracting organizations, officials of AID, U.S. Department of Defense, and the U.S. Embassy."

The OPIC investment mission was preceded by "Telemission," a two-hour meeting conducted via satellite last April which enabled Egyptian and U.S. business executives to discuss investment opportunities in Egypt. The satellite meeting linked Cairo and six U.S. cities, reaching hundreds of potential investors.

*William A. Delphos, OPIC Vice President for Operations and co-chairman of the Egypt investment mission, congratulates Carl Bazarian of the East-West Group which signed a letter of understanding with Arab Engineering Projects to pursue implementation of a fruit and vegetable enterprise. Ambassador William E. Brock, U.S. Trade Representative, is at left.*

# OPIC AND THE PRIVATE INSURANCE INDUSTRY

OPIC's charter directs it to administer its investment insurance programs in accordance with principles of sound risk management. One of the ways in which the Corporation has responded to that mandate has been to spread its risk through two reinsurance arrangements.

In 1971, OPIC concluded an agreement with Lloyd's of London for the reinsurance of $250 million of the OPIC expropriation portfolio. "This marks the first time in Lloyd's long history that it has reinsured the policies of a U.S. Government Corporation and is our first step in establishing a reinsurance capacity for political risk insurance among private insurers worldwide," said Bradford Mills, OPIC's first president.

In February 1975, OPIC announced formation of the Overseas Investment Insurance Group (OIIG), a consortium of insurance companies, in response to congressional directives.

The Group, a pioneer organization, began a unique partnership designed to encourage the participation of the private insurance industry in the field of political risk insurance, an area traditionally administered by the Government. The new organization's objective was to function as a combined underwriting and reinsurance pool providing for the issue of new insurance coverages against expropriation and inconvertibility, and for sharing a portion of the risks of OPIC's existing portfolio. Under the original constitution, OPIC acted as a member and as a reinsurer for the Group's excess losses.

The private insurer members subscribed a total of $6,550,000 of a $40 million per country and an $80 million worldwide first-loss pool with OPIC taking up the balance. Since the private sector members had little or no experience in the political risk area, OPIC acted as manager of the Group.

*Peter Clark (left), OPIC liaison officer with private insurance companies, discusses future plans with Felton McL. Johnston, Vice President for insurance.*

At the outset, the Group was made up of 13 members including Lloyd's plus OPIC, and by 1977, the number of private participants had increased to 21. But 1977 also brought new OPIC legislation which reflected a drastic shift in Congressional thinking about the private sector alliance. Specifically, Congress felt that because of the industry's traditional caution about assuming high risk projects, the private sector companies were inhibiting OPIC's development objectives and voted to dissolve the Group.

Despite this change, it had been demonstrated that the Government and the private sector worked well together and this opened new possibilities for the future. For example, several private companies have developed political risk programs, thus providing the business sector with a broader range of options, and OPIC has continued to work closely with many of the former Group members.

The most important result, however, was the formation in 1977 of the Overseas Investment Reinsurance Group (OIRG). As the successor to the OIIG, the OIRG's principal purpose has been to provide private reinsurance for OPIC's expropriation and inconvertibility portfolios. On one hand, this reinsurance arrangement enabled OPIC to manage its risk exposure to provide for the underwriting of an increasing volume of business. On the other, the working relationship permits participating companies to gain practical familiarity with political risk underwriting. With minimal risk, these participants receive valuable insights into political risk portfolio management, rating and claims settlement, all of which will be valuable should they eventually decide to offer such coverage themselves. In fact, three of the Group's participants now operate political risk programs for their own account.

Membership in the OIRG initially included 14 private reinsurers and OPIC, each of whom subscribed to a three-year commitment commencing December 1, 1977. During the syndicate years December 1, 1978-November 30, 1980, three additional private reinsurers joined OIRG, and in 1980

another three-year treaty was negotiated for the 1980-83 period. Since 1980, private participation increased to a total of 19 private U.S. and foreign insurance companies that now collectively reinsure more than 20% of OPIC's expropriation and inconvertibility portfolios.

Membership in the OIRG is open to all insurers, both domestic and foreign, who are permitted by law to provide the reinsurance described in the Group's charter and who meet appropriate financial requirements. Membership is registered on a percentage participation basis for all purposes, with each member's percentage participation determining its respective share in reinsurance placed, in premiums received, and in losses and recoveries. The Group has annual pool liability limits of $40 million per country and $80 million worldwide, subject to individual project stop-loss limits of $2 million per project for inconvertibility and $10 million per project for expropriation. Members receive the estimated annual premium at the beginning of the year, subject to year-end adjustments to reflect actual experience.

The OIRG is governed by a 12-member board composed of representatives of six private insurers elected annually and six OPIC representatives, with the Chairman elected by the entire membership from among the private members.

The loss experience of the OIRG has been very favorable over the years. While claims arising from the Iranian situation have affected the Group's profitability during the past year, it is estimated that the bulk of these have been received, and that the Group will maintain its positive record with respect to losses.

In line with its statutory obligation calling for the encouragement of a viable, commercial political risk insurance business, OPIC is exploring new ways to broaden private sector participation. Obviously, the existing reinsurance arrangements are important in this regard, but they are not the only tools OPIC has at its disposal to encourage this development. Another possibility currently under study is OPIC's entry into various "co-insurance" relationships with private political risk insurers on projects that may be too large for OPIC to handle entirely on its own. Also, in the reinsurance area, OPIC will continue to try to interest the private market in reinsuring at least a portion of its war portfolio or to otherwise become involved in underwriting this area of political risk. OPIC also will place increasing emphasis on its relations with insurance brokers as a direct means for reaching a larger segment of the small business community.

# FEASIBILITY PROGRAM ACCELERATES

A key element in OPIC's strategic planning for fiscal 1983 will be the broadened feasibility study program designed to provide more effective service to smaller businesses. Under the direction of Burton L. Bostwick, applications will be handled on a quick turn-around basis and accelerated handling of reimbursement requests after approval of a study report and the submission of documented expenses.

The feasibility study service was inaugurated in 1962 by the Agency for International Development which administered the political risk insurance and finance programs prior to the activation of OPIC. During the nine years from 1962 to 1971, the agency processed an average of 39 studies each year, which resulted in more than $106 million in new investment.

*Burton L. Bostwick administers OPIC's feasibility study program.*

When OPIC began operations in January 1971, the investment incentive programs were transferred from AID. Congress had given the newly-formed organization two major objectives: first, to mobilize and facilitate the participation of U.S. private capital and skills in the economic and social development of less developed friendly countries and areas; and second, to operate the investment incentive programs on a self-sustaining basis.

Faced with the necessity for building a stronger position in a relatively short time, management concentrated on expanding the political risk insurance portfolio to generate new revenues and build up the Corporation's reserves. At the same time, special efforts were mounted to broaden and strengthen the finance program as an effective tool for supporting projects involving smaller businesses.

The effort to inform and educate the U.S. small business community about opportunities in the developing countries placed heavy demands on OPIC's limited staff. One result was a shift in operating priorities, and emphasis on the feasibility study program was reduced.

From 1972 through 1981, the number of processed study projects

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# OPIC Programs for Uruguay

At the close of a meeting with Uruguayan Finance Minister Valentin Arismendi, OPIC president Craig A. Nalen announced that the agency's programs will soon be available to U.S. investors considering projects in that country. The announcement came soon after the successful conclusion of negotiations between the United States and Uruguay over the terms of an investment guaranty agreement. The agreement has been under active discussion for more than nine months, and when signed, will authorize OPIC to operate its insurance and finance programs in Uruguay for the first time.

Newly appointed Uruguayan Ambassador Alejandro Vegh and the country's director general for foreign trade, Dr. Jorge Sienra, also visited OPIC in an effort to emphasize Uruguay's U.S. interest in attracting U.S. private investment. Mr. Nalen assured the Ambassador of OPIC's interest in doing business in Uruguay, given the opportunities which have emerged there in recent years and the attractive nature of the investment climate.

OPIC is required by law to have an investment guaranty agreement in place before it can encourage investment in a given country. To date, it has negotiated more than 100 such agreements with states in the developing world.

Talks with Uruguay regarding the agreement began last November, with a round of high-level meetings in Montevideo. At the time, the two sides reached an understanding on virtually all aspects of the document except the dispute resolution provisions. Further sessions were held last December, leading to the preparation of a draft agreement which was circulated for comment within the two governments. Polishing of the document and additional consultations with the State Department delayed completion of negotiations until this past August.

*Negotiators of the Uruguay agreement, were (standing, left to right): Atillo Gil, Foreign Ministry; Dr. Alem Garcia, Foreign Trade Bureau; Dr. Gustavo Vanerio, Foreign Ministry; Dr. Tomas Brause Central Bank; Diana Montgomery, U.S. State Department; James Cheatham, U.S. Embassy. Seated are: Dr. Jorge Sienra, Director, Foreign Commerce; and Lorin S. Weisenfeld, Assistant General Counsel, OPIC.*

The agreement is presently being reviewed by the Uruguayan cabinet. It is anticipated that it will be signed at a formal ceremony in Montevideo before the end of the year.

The agreement is similar in content to the other investment guaranty agreements which OPIC has negotiated around the world. It authorizes OPIC to commence operations in Uruguay and provides orderly mechanisms for settling investment disputes which might arise.

Uruguay was represented during the three rounds of negotiations in Montevideo by a five-man inter-ministerial commission of lawyers. The Uruguayan delegation was chaired by Dr. Jorge Sienra, director general of foreign trade. The U.S. delegation was led by Lorin S. Weisenfeld, OPIC assistant general counsel, and included State Department and Embassy personnel.

# LOAN FOR COSTA RICA PROJECT

*Alexander S. Ritter (center), President of FWH, Inc., a Florida corporation, signs a $3 million loan agreement for reinvestment in the company's Costa Rica subsidiary, Matas de Costa Rica. Funds will be used for expansion of cultivation area for tropical plants to supply European and other markets. L. Ebersole Gaines (left), Executive Vice President, signs for OPIC as OPIC attorney Charles F. Lipman looks on.*

# PERFORMANCE REQUIREMENTS

The imposition of "performance requirements," or laws requiring foreign enterprises to comply with certain special rules as a condition to investment, are not new in the international marketplace. But recent years have seen an increasing tendency on the part of developing nations to introduce new regulations which may impede the investment process. Typically, these requirements may call for the investor to hire a fixed percentage of local workers or to export a set percentage of production annually, and, according to OPIC Vice President and General Counsel S. Linn Williams, "performance requirements are getting much more imaginative, and the longer they continue, the harder they are to dismantle."

*S. Linn Williams, Vice President and General Counsel (left), studies material on performance requirements with Deputy General Counsel Anthony Marra.*

Speaking before the Washington Foreign Law Society, Mr. Williams noted that a World Bank study shows that the worldwide effect of these requirements can distort trade and hurt the host country by discouraging potential foreign investors.

The most significant performance requirements, according to Williams, are requirements that can distort trade as well as investment. These trade-related performance requirements include stipulations as to local procurement, minimum export requirements and maximum import requirements. He also noted such investment-related constraints as minimum capital requirements, restrictions on the location of proposed foreign enterprises, limitations on ownership, established quotas for the hiring of local employees, and ceilings on profit repatriation.

OPIC's General Counsel also told the group that multinational agencies dealing with developing countries (such as the International Finance Corporation and the International Monetary Fund) could take the lead in curbing the spread of performance requirements by administrative means, but he added that performance requirements have become so pervasive and complicated they cannot realistically be addressed only in piecemeal fashion except in special cases.

He pointed out that the Administration is trying to cope with this problem by proposing that GATT (General Agreement for Tariffs and Trade) undertake a comprehensive study of the types and effects of performance requirements as a basis for negotiating a more equitable system. "While not every country with performance requirements would fall under GATT, the study as proposed would cover them, and it is hoped the procedure adopted would eventually include all nations," he said.

The Administration also looks to the possible use of bilateral agreements to cover performance require-

*continued on page 16, column 1*

# Roberts Heads Finance

Daniel Roberts has been named Vice President for Finance, succeeding Jean Crouzet who has returned to the private sector.

Before joining OPIC, Mr. Roberts was a vice president of the American Express International Banking Corporation, and served both in this country and abroad. Most recently, from 1979 to 1981 he was based in Hong Kong with administrative responsibility for operations in a number of countries in the Far East and Oceania, and prior to that was headquartered in Bombay as vice president and country manager for India. From 1976 to 1977 he was stationed in New York and was responsible for correspondent banking in 19 Far Eastern countries.

As a vice president of the Morgan Guaranty Trust Company from 1969 to 1975, Mr. Roberts administered a variety of programs in Europe and the Far East. From 1959 to 1969, he was an officer of Citibank with supervisory responsibilities for Southeast Asia.

Mr. Roberts is a graduate of Harvard University and holds a MBA, Finance and International from the Harvard School of Business.

# India Seeks U.S. Investors

The recent Washington visit of Prime Minister Indira Ghandi highlighted significant revisions of the laws governing foreign investment made by the Government of India. In a series of meetings with President Reagan, Cabinet members and other U.S. Government officials, Mrs. Ghandi stressed her country's interest in attracting a greater volume of private investment, and in response to this, OPIC President Craig A. Nalen has announced plans for an OPIC investment mission to India, March 2 to 12, 1983.

In a special publication published by U.S.-India Enterprises, Mr. Nalen wrote:

"Since the close of World War II, the United States has implemented a variety of programs designed to accelerate social and economic progress in the developing nations. Generally speaking, foreign assistance efforts have fallen into two major categories: one, government-to-government or concessional aid; and two, the encouragement of private U.S. investment in Third World markets.

"Over the past few years, however, worldwide inflation, rising energy costs and the growing burden of external debt have hampered growth and weakened the economies of many developing nations. At the same time, the industrialized nations faced problems of their own as collective annual growth rates dropped to less than two percent in 1981 and world trade suffered a similar decline.

"Because of this troubled economic situation there has been a steady decline in the levels of concessional aid at a time when the needs of developing countries are on the increase. This has created a "development gap," and more and more developing nations are seeking increased foreign investment to build stronger private sectors. And since the developing countries are the world's fastest-growing markets, investors in the United States and other industrialized nations are looking for joint venture possibilities which will produce mutual benefit in the form of jobs, profits and new growth potential.

"As one of the world's most promising markets, India has long been an area of special interest, although the rate of investment has slowed in recent years because of certain problems. At base, these problems, in the U.S. at least, have centered around the perception that India is a difficult place to do business. Essentially, there have been two areas of primary concern: one is the perception that government regulations are ponderous and complex; the other is that there is low profitability in doing business in India.

"Justified or not, these perceptions gave rise to some negative thinking on the part of the U.S. business community, but recent action taken by the Indian Government to simplify administrative procedures, liberalize industrial licensing requirements for export-oriented firms and for projects in free-trade zones and other positive steps have done a good deal to create a more attractive investment climate. This new approach, combined with India's long-recognized potential bodes well for the future.

"OPIC is presently quite active in India with outstanding insurance contracts of approximately $177 million covering 55 projects. In addition, 18 potential projects involving $50 million in new investment in the insurance and finance areas are currently under review. The general experience of OPIC-assisted investors in India has been one of solid growth. A 1980 survey of four manufacturing projects in India showed sales growth of nearly 170 percent over the investors' original projections made at the time of the initial investment. This kind of success is bound to impress others considering future commitments in the country.

"President Reagan has stated that 'nearly all the countries that have succeeded in their development over the past thirty years have done so on the strength of market-oriented policies and vigorous participation in the international economy. Those countries which have achieved the most spectacular economic progress in the shortest period of time all share a common characteristic; they all have a willingness to believe in the magic of the marketplace.'

"In light of the new directions charted by the Indian Government, U.S. private investors can look ahead to new and promising potential, and OPIC intends to play a vital role in increasing the flow of private investment to India."

*Corning Glass Works in India produces tubing, vials, ampules and other containers for hospitals, laboratories and research centers.*

# "Overview" Seminar Draws Business Executives

More than 100 corporate executives assembled in Washington for a special orientation seminar on trade and foreign investment in late September. The meeting, "An Overview from Washington," preceded the agency's annual diplomatic reception at the State Department.

Inaugurated in 1980, the series provides private sector executives with the opportunity to update their knowledge of OPIC activities and those of other agencies whose programs relate to U.S. foreign economic policy. Following the business meeting, the businessmen attended the reception where they met with diplomatic representatives of more than 40 nations and U.S. Government officials from participating agencies.

The keynote speaker at the "Overview" meeting was Malcolm Baldrige, Secretary of Commerce, who highlighted the challenges facing the U.S. in the international marketplace and urged the audience to grasp the growing opportunity in the developing world as a means for strengthening the domestic economy.

Other speakers included: Thomas O. Enders, Assistant Secretary of State for Inter-American Affairs; Mark E. Leland, Assistant Secretary of the Treasury for International Affairs; Frank C. Carlucci, Deputy Secretary, U.S. Department of Defense; Charles Lord, First Vice-President and Vice-Chairman, Export-Import Bank of the United States; David R. Macdonald, Deputy U.S. Trade Representative; and M. Peter McPherson, Administrator of AID and OPIC Board Chairman. Mr. Leland and Mr. Macdonald also serve as members of the OPIC Board.

Chairman for the meeting was OPIC President Craig A. Nalen who reviewed the agency's operations for fiscal 1982 and outlined its strategies for increasing support for the U.S. business community in the years ahead. William A. Delphos, Vice President for Operations, detailed the new and expanded special programs designed to implement the new marketing strategy.

*Malcolm Baldrige*

Mr. Nalen noted that OPIC had achieved record insurance volume during the year despite the economic difficulties facing both the industrialized and developing nations. "We are optimistic," he said, "that this positive surge in the face of so many impediments indicates the start of a new era of growth in the international marketplace and the U.S. business community's decision to regain its competitive edge. Certainly this will be a critical factor in accelerating economic and social progress in the developing nations, but just as important will be the cultivation of new markets for our goods and services, the generation of more U.S. exports, and the creation of new job opportunities at home."

# MISSION SCHEDULE

Continuing its efforts to familiarize U.S. business executives in the investment opportunities in developing countries, OPIC has planned an accelerated schedule of Investment Mission for the coming months.

The schedule is as follows:

### December 5-10, 1982

**Haiti.** A return visit co-sponsored by OPIC and AID/PRE following up the highly successful mission of December 1981. Opportunities to be emphasized in the 1982 mission will include agriculture and food processing; light manufacturing; construction materials/industrial equipment; and toursm.

### January 23-29, 1983

**Jamaica.** A return visit to Jamaica, also co-sponsored by OPIC and PRE. Investment potential emphasized will be agriculture; and light manufacturing possibilities.

### March 4-12, 1983

**India.** Plans for this mission were drawn up as an early response to India's new policies creating a more favorable climate for foreign investors. Business possibilities to be explored include: telecommunications; petroleum-related industries; inland transportation systems; agribusiness; medical services and supplies; automobile component production; and industrial machinery manufacture.

Current planning for 1983 also calls for an investment mission to Indonesia. Details on schedules and cost will be announced when plans are finalized.

# OPIC and AID Sponsor Mission To Six Caribbean Nations

A delegation of some 20 U.S. business executives visited six Eastern Caribbean countries November 5-13, 1982, to assess potential opportunities for U.S. private investment. The six countries are: Antigua, Barbados, Dominica, St. Kitts-Nevis, St. Lucia, and St. Vincent.

The investment mission was co-sponsored by OPIC and the Bureau for Private Enterprise (PRE) of the U.S. Agency for International Development. PRE promotes development by providing finance services to private sector businesses with substantial private host country equity participation in selected developing countries.

Organized as part of an ongoing program to implement President Reagan's Caribbean Basin Initiative, the November investment mission will extend the scope of OPIC's targeted effort to encourage private investment in the Caribbean area. The program, started in 1981 with investment missions to Jamaica and Haiti, resulted in the identification of more than 30 projects, many of which are now in the startup phase of operation.

The Eastern Caribbean mission was organized in conjunction with the Departments of State and Commerce, U.S. embassies, and key government officials in the six countries. During the visit, the prospective investors also had the opportunity to discuss specific project opportunities with potential joint venture partners, and to assemble detailed information host country regulations and incentives.

OPIC President Craig A. Nalen said that in fiscal 1981, OPIC insured or financed 30 projects in Caribbean countries. "With strong support from the Administration, we are increasing our efforts in this area. There are many opportunities for profitable investment that will accelerate the pace of host country development, and the Eastern Caribbean offers special potential to smaller businesses."

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Companies interested in the Eastern Caribbean area may obtain detailed information from Donna Brodsky, OPIC, 1129 20th Street, N.W., Washington, D.C. 20527. Telephone: (202) 653-2800.

# CARIBBEAN TELEMISSION

On October 28, OPIC, in conjunction with the Bureau for Private Enterprise of the Agency for International Development, mounted its second "Telemission," to familiarize a broad segment of the U.S. business community with the investment potential of the nations of the Caribbean.

Moderated in Washington by NBC's Bill Monroe, host of "Meet the Press," and in Miami by Paul Kangas, the two-way satellite broadcast linked business executives in Washington, D.C., Miami, New York, Boston, Chicago, Minneapolis, Omaha and San Juan, P.R., with a panel of Caribbean experts assembled in Miami to answer questions about the investment climate of various countries in the area.

The program, which drew upwards of 1,000 participants in the down-link cities, was part of a concentrated effort to stimulate investor interest in response tot he President's Caribbean Basin initiative. To supplement the impact of "Telemission," OPIC and AID have implemented the Caribbean Investment Opportunities Program which provides detailed information on incentive programs, as well as specific information on facilities and services available in these nations. As a basic tool for the potential investor, CIOP offers a "starter kit" which may be obtained for $25.00 from Gordon Hunt, 1129 20th Street, N.W., Washington, D.C. 20527.

Further emphasis is being focused on the area through three investment missions, one to the Eastern Caribbean, and follow-up visits to Haiti and Jamaica.

Both OPIC and AID have been active in the Caribbean for years but efforts have accelerated recently. In 1981, OPIC issued more than $300 million in insurance and $55 million in financing for 30 projects, and AID's assistance program in 1981 exceeded $180 million.

*OPIC Executive Vice President L. Ebersole Gaines, Moderator Bill Monroe and Elise R. W. duPont at Caribbean Telemission headquarters in Washington.*

# Five China Projects Set

OPIC has issued insurance coverage for five investments in China and some 30 additional registrations are currently under review, OPIC President Craig A. Nalen said in an interview with the Bureau of National Affairs (BNA) following his trip to Asia in July.

Among the 30 registration projects under review by OPIC are a number of applications for offshore oil and gas exploration.

The contratcs were issued to: Caterpillar Tractor Co. for a consigned inventory of earth-moving machine parts and engines to be stored and sold in China; AMF Inc. for the production of sports equipment; American President Lines which is leasing some of its machinery for handling containerized shipping equipment to China; Dresser Industries for conductor wire live services for petroleum exploration; and C. W. Communications for production of a newspaper covering developments in the computer industry in China and other countries.

Joint ventures in China have some unique aspects, Nalen noted, and OPIC has adopted some special guidelines to meet new situations. "For example, the partner in China in almost every case is the Chinese government. That's why it took us a while to write a modus operandi on ways to underwrite insurance for some of these projects," he added. Generally OPIC supports projects involving private sector partners.

Mr. Nalen said that at this time it seems unlikely that OPIC will be able to offer its inconvertibility coverage for projects in China. According to a guideline paper, prepared by a team of OPIC officers, the Agency does not plan to offer its usual inconvertibility insurance because it appears that at this time there is no automatic right to convert local currency to foreign currency.

"However, there are foreign exchange certificates which appear to be units of foreign exchange. Should the Chinese government confirm the right of the investor to convert those certificates, OPIC is prepared to consider covering that exchange risk under certain conditions."

In mid-December, OPIC and other Government agencies concerned with foreign economic policy will participate in a three-day conference sponsored by the U.S.-China Joint Economic Commission. The meeting, co-chaired by Finance Minister Wang of the People's Republic of China, and Donald T. Regan, Secretary of the Treasury, will focus on discussion of bilateral problems involved in foreign trade and investment.

Generally speaking, Mr. Nalen found the Chinese most interested in investments relating to heavy equipment, food production and processing or agriculture and machine tools. They also place a high priority on infrastructure projects such as rail and highway transportation.

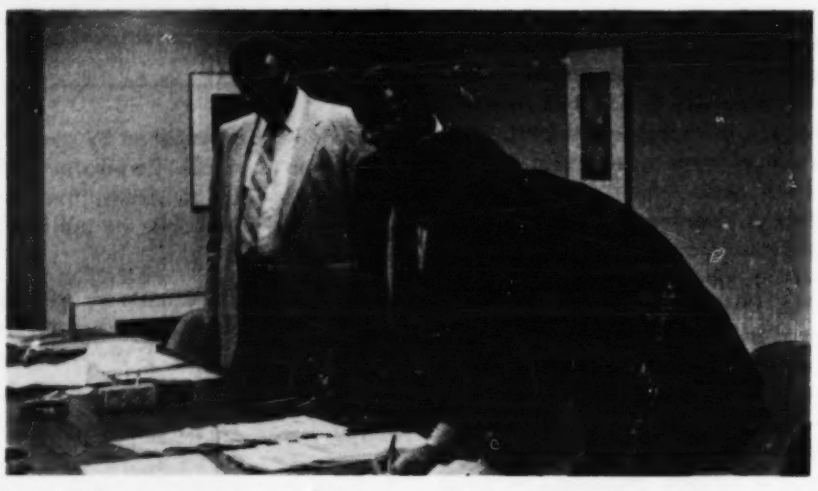
He said that the Chinese government is quite concerned that there was not more interest among U.S. companies in doing business in China.

"They wanted to know why it was that there was considerably more interest in other parts of the world and why they weren't knocking down the door in China. And through exchanges it was possible to discuss what other countries are doing to attract foreign investment. It is a question of reducing red tape, of reducing requirements and creating an environment that is very hospitable to foreign investment."

Nalen is optimistic that the Chinese government with OPIC's help can overcome U.S. business perceptions about red tape and that the investment process in China is slow-going.

"I found a real warmth which was very encouraging for the future of U.S. business there," he said. "Basically, our philosophies and our concepts of business are very compatible, and I look to the future with considerable optimism."

# WITHERSPOON GRANT/LOAN



*Partial disbursement papers for $325,000 loan/grant to the Witherspoon Development Corporation of New York is signed by Craig A. Nalen, OPIC President. Looking on are David Liston, Witherspoon Vice President and Secretary Treasurer (left), and Milton Page, President. Witherspoon will use the grant to defray operating expenses and the loan for relending to small business entrepreneurs in the Caribbean area.*

**Performance Requirements**

*continued from page 11*

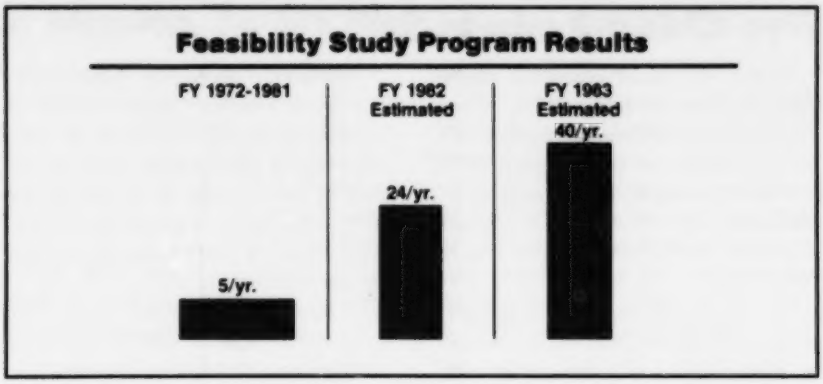
ments in a manner acceptable to both parties. The prototype bilateral investment treaty includes restrictions against such requirements, but it is too early to tell how well this will work.

Williams noted that OPIC is the only federal agency directed by statute to refuse to assist any investment subject to trade-related performance requirements if they substantially reduce trade benefits likely to accrue to the U.S. OPIC evaluates proposed enterprises on a case-by-case basis, and must withhold support for a project when performance requirements will have substantial negative effects on likely U.S. trade.

Denial of OPIC's support could be based on a number of factors such as:

- requirement that production from the foreign investment be exported to the U.S.;
- displacement of U.S. exports to third country markets;
- displacement of U.S. exports to a foreign investment because of requirements for use of local materials or products.

OPIC requires U.S. companies that apply to OPIC for assistance to report any trade-related performance requirements affecting their proposed project. This supplements OPIC's own study of host government policies which could inhibit successful commercial investment and operation. A preliminary study conducted by OPIC during the past six months shows that, although trade-related performance requirements are used (more extensively in South and Southeast Asia), none of those requirements would have substantially adversely affected the trade benefits arising out of the projects sponsored by OPIC over the course of the study. OPIC will continue to monitor these effects on a regular basis.




**Feasibility Program**

*continued from page 9*

dropped to an annual rate of five a year with resultant investment amounting to only $3.5 million.

Fiscal 1982, however, brought on a dramatic change, and while total figures for the year are not yet complete, estimates indicate that 24 projects involving $25 million in new investment will be processed. For 1983, a goal of 40 projects and $70 million in investment has been established.

"In order to qualify for feasibility study assistance, the investor must have a specific project and country in mind," Bostwick says. "The project should involve a commercially viable product, process or application, and prospective investors should have the relevant business and technical background needed for successful operation. They also must demonstrate the financial capability to invest should the project be feasible."

Bostwick also pointed out that surveys must be conducted by decision-making executives representing the potential investor, although in some cases recognized experts may be used on a consulting basis.

"Obviously, we receive applications that do not meet the criteria," Bostwick says, "but we hope to increase our percentage of conversions by simplifying procedures and creating a broader understanding of the program."

Information on application procedure can be obtained from Mr. Bostwick or Jeffrey Shafer at (202) 653-2881.

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Inquiries or requests for additional information should be directed to the Office of Public Affairs, Overseas Private Investment Corporation, 1129 20th Street, N.W., Washington, D.C. 20527. Telephone: (202) 653-2800.

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